BMW GROUP

MADE IN THE EU.

A EUROPEAN INDUSTRIAL POLICY?

April 2026

INDUSTRIAL ACCELERATOR ACT: MAJOR IMPACT ON ELECTRIC VEHICLES.

„Made in the EU“ / „Union Origin“

Qualification decides whether an electric vehicle (only BEV and PHEV*) sold in the EU is eligible for:

- Consideration under public procurement
- Purchase incentives
- Favorable taxation
- Preferred corporate car taxation** („Clean Corporate Fleet“ regulation)

Note: Measures to promote the sales of electric vehicles must be implemented by EU Member States within their national programs; application is currently envisaged for new or updated programs.

* Not relevant for 48V mild hybrids ** Dienstwagenbesteuerung

„MADE IN THE EU" / „UNION ORIGIN" TIMELINE.

„originate in the Union" = differing scope

Single vehicle requirements:

- Vehicle must be assembled in the EU
- Battery cell must originate in the "Union"
- > 70% of component value, excl. battery, originating in the "Union"

OEM fleet qualification:

Reference year 2027 for 2028 fleet qualification

Legislative process

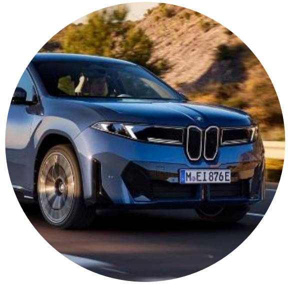
2026 | H1 2027 | From Q1 2028 | From H1 2030

Industrial Accelerator Act likely to enter into force

Additional requirements:

- >50% ex-works value of e-powertrain and >50% of main electronic systems originating in the "Union"
- Battery cell, cathode active material (CAM) and battery management system (BMS) + two further battery components must originate in the "Union"

DEFINITION OF UNION ORIGIN TO DETERMINE 70% COMPONENT VALUE, BATTERY, DRIVETRAIN & ELECTRONIC COMPONENT REQUIREMENTS.



One Vehicle

Three different "Union Origin" calculations

For corporate vehicles
of the market

For private consumers
of the market

For public procurement
of the market

EU-27

FTA partners:

Albania
Algeria
Egypt
Bosnia and Herzegovina
Canada
Chile
Columbia
Costa Rica
Ecuador
El Salvador
Färöer
Guatemala
Honduras
Iceland
Israel
Japan
Jordania
Lebanon
Liechtenstein
Macedonia
México
Montenegro
Marocco
Moldova?
New Zealand
Nicaragua
Norway
Palestine
Panama
Peru
Republic of Korea
Serbia
South Africa
Switzerland
Singapore
Tunisia
Ukraine?
United Kingdom
Vietnam

Customs Union partners

Andorra
San Marino
Turkey

Non-ratified FTA partners:

GCC (United Arab Emirates, Saudi Arabia, Qatar and Bahrain) | negotiations
India | concluded, not ratified
Thailand | negotiations
Malaysia | negotiations
Indonesia | concluded, not ratified
Philippines | negotiations
Australia | concluded, not ratified
Mercosur (Brazil, Uruguay, Paraguay and Argentina) | concluded, not ratified, but active

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Public procurement agreement

United States

KEY CONCERNS REGARDING THE INDUSTRIAL ACCELERATOR ACT.

Bueraucracy must be reduced

Bueraucracy is already heavily impacting the EU industry. The IAA adds more of it.

Qualification as European company must be possible

Alternatively to requiring a detailed look at every single vehicle, EU companies should be able to qualify as a company.

Immediate local battery cell requirement must be removed

Battery cells will continue to be supplied from outside the EU at least until the early 2030s, mainly from China, despite localization efforts. Electric vehicles produced in the EU must not be excluded from the framework because of not having a “Union origin”cell. This requirement is feasible only from 2031+, and would otherwise be detrimental to electrification efforts.

FTA partners must remain in the scope

We welcome the recognition of free trade and customs union partners.

Fleet flexibility and export recognition are important

We welcome the general principle of recognizing vehicles produced in the EU for export.